

Consolidated Financial Results for the Year Ended March 31, 2020

(All financial information has been prepared in accordance with Generally Accepted Accounting Principles in Japan)

May 27, 2020

Company name	: DAICEL CORPORATION
Stock Exchange on which the shares are listed	: Tokyo Stock Exchange in Japan
Code number	: 4202
URL	: https://www.daicel.com
Representative	: Yoshimi Ogawa, President and CEO
Contact person	: Masahiko Hirokawa, General Manager–Investor Relations & Corporate Communications Phone +81-3-6711-8121
Scheduled date of the general meeting of shareholders	: June 19, 2020
Scheduled date for submitting financial statements	: Undecided
Scheduled date for dividend payment	: June 22, 2020
The additional materials of the Financial Results	: Yes
The briefing session of the Financial Results	: Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Year Ended March 31, 2020 (Amounts are rounded down to the nearest million)

(1) Consolidated Operating Results (% of change from previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2020	412,826	(11.2)	29,644	(42.1)	31,781	(40.5)	4,978	(85.9)
Year ended Mar. 31, 2019	464,859	0.4	51,171	(13.2)	53,433	(12.5)	35,301	(4.8)

(Note) Comprehensive income: 2,299 millions of yen [(94.1%)] for the Year ended March 31, 2020 and 38,968 millions of yen [(11.9%)] for the Year ended March 31, 2019

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended Mar. 31, 2020	15.49	–	1.3	5.1	7.2
Year ended Mar. 31, 2019	105.38	–	9.1	8.3	11.0

(Reference) Share of profit of entities accounted for using equity method: 1,772 millions of yen for the Year ended March 31, 2020 and 1,762 millions of yen for the Year ended March 31, 2019

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2020	597,992	392,583	60.6	1,166.56
Year ended Mar. 31, 2019	654,791	423,243	60.1	1,198.77

(Reference) Shareholders' equity: 362,545 millions of yen as of March 31, 2020 and 393,597 millions of yen as of March 31, 2019

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended Mar. 31, 2020	57,193	(45,864)	(47,883)	80,674
Year ended Mar. 31, 2019	58,523	(41,095)	(25,636)	120,016

2. Dividends

(Reference data)	Cash dividends per share					Dividends in total (Annual)	Dividend payout ratio (Consolidated basis)	Dividends to net assets (Consolidated basis)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended Mar. 31, 2019	–	16.00	–	16.00	32.00	10,615	30.4	2.7
Year ended Mar. 31, 2020	–	16.00	–	18.00	34.00	10,754	219.5	2.9
Year ending Mar. 31, 2021 (Forecast)	–	–	–	–	–		–	

(Note) Breakdown of the year-end dividend for the Year ended March 31, 2020: ordinary dividend 16.00 yen and commemorative dividend 2.00 yen (100th-anniversary commemoration)

The dividend forecast for the Year ending March 31, 2021 is undecided yet, though we expect to continue stable dividends payment.

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2021

(% of change from same period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Year ending Mar. 31, 2021	386,000	(6.5)	17,500	(41.0)	19,500	(38.6)	10,000	100.9	32.18

*Notes

- (1) Changes in significant subsidiaries during the Year ended Mar. 31, 2020: Not applicable
 (Note) Changes in specified subsidiaries that caused a change in the scope of consolidation
- (2) Changes in accounting policies, changes in accounting estimates and restatements
- i Changes in accounting policies due to revisions of accounting standards: Not applicable
 - ii Changes in accounting policies other than (2)-i: Not applicable
 - iii Changes in accounting estimates: Not applicable
 - iv Retrospective restatements: Not applicable

(3) Number of shares issued (common share)

i Number of shares issued at the end of each period (Including treasury shares)	As of Mar. 31, 2020	315,942,682 shares	As of Mar. 31, 2019	331,942,682 shares
ii Number of treasury shares at the end of each period	As of Mar. 31, 2020	5,160,966 shares	As of Mar. 31, 2019	3,609,174 shares
iii Average number of shares during the each period (Cumulative from the beginning of the fiscal year)	Year ended Mar. 31, 2020	321,385,570 shares	Year ended Mar. 31, 2019	334,988,060 shares

(Reference) Overview of the Unconsolidated Financial Results

Unconsolidated Financial Results for the Year Ended March 31, 2020

(Amounts are rounded down to the nearest million)

(1) Unconsolidated Operating Results

(% of change from previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2020	203,228	(12.9)	3,240	(74.1)	15,714	(36.8)	8,231	(54.4)
Year ended Mar. 31, 2019	233,345	(2.6)	12,496	(43.4)	24,851	(34.0)	18,065	(33.3)

	Profit per share	Diluted profit per share
	Yen	Yen
Year ended Mar. 31, 2020	25.61	-
Year ended Mar. 31, 2019	53.93	-

(2) Unconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2020	399,142	251,324	63.0	808.68
Year ended Mar. 31, 2019	443,191	273,419	61.7	832.75

(Reference) Shareholders' equity: 251,324 millions of yen as of March 31, 2020 and 273,419 millions of yen as of March 31, 2019

*This Financial Results report is not subject to audit.

*Explanations or other special matters to appropriate use of the forecast of consolidated financial results

The forecast of consolidated financial results and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the company. For a variety of reasons, actual performance may differ substantially from these projections.

4. Overview of the operating results

(1) Overview of the operating results for the quarter under review

Looking at the world trends during the fiscal year ended March 2020, the global economy remained uncertain due to the intensifying US-China trade conflict, the slowdown in the Chinese economy, the deterioration of Japan-Korea relations, and the spread of COVID-19 .

Amid such circumstances, the Group has been working hard to improve business performance by reforming the management base while continuously reducing costs. However, the slowdown in the Chinese economy and changes in the product mix for automobile airbag inflators (gas-generating device) due to a decrease in sales volume in the supply of replacement products for recalls by other companies, have had an effect. Additionally, in the fourth quarter, the sales volume of automobile airbag inflators and engineering plastics declined due to a decrease in the demand in China due to the spread of COVID-19 .

These factors have resulted in lower revenue and profits in the consolidated fiscal year.

As a result, sales revenue for the consolidated fiscal year under review totaled ¥412,826 million (down 11.2% year-on-year). On the income front, operating income amounted to ¥29,644 million (down 42.1% year-on-year), ordinary income was ¥31,781 million (down 40.5% year-on-year), and net income attributable to owners of the parent was ¥4,978 million (down 85.9% year-on-year) due mainly to an impairment loss of ¥14,757 million as extraordinary loss in pyrotechnic devices segment.

(Unit: Million Yen)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of parent
Year ended March 31, 2020	412,826	29,644	31,781	4,978
Year ended March 31, 2019	464,859	51,171	53,433	35,301
Change from previous year	-52,033	-21,527	-21,652	-30,323
% of change	-11.2	-42.1	-40.5	-85.9

Capital investment for the fiscal year under review

(Unit: Million Yen)

	Capital investment			Depreciation and amortization			R&D	Foreign exchange
	Tangible	Intangible	Total	Tangible	Intangible	Total		(USD/JPY)
Year ended March 31, 2020	45,458	2,109	47,568	27,022	1,979	29,002	21,295	109
Year ended March 31, 2019	42,590	2,103	44,694	28,304	1,740	30,044	20,749	111
Change from previous year	2,868	6	2,874	-1,282	239	-1,042	546	-
% of change	6.7	0.3	6.4	-4.5	13.7	-3.5	2.6	-

(Note) Depreciation and amortization do not include amortization of goodwill.

[Cellulosic Derivatives]

Sales revenue of cellulose acetate declined due to a decrease in sales volume for LCD film applications and cigarette filter applications.

As for acetate tow for cigarette filters, amid the worldwide glut, sales revenue increased due to an increase in sales volume due to our efforts to increase share of main customers while also finding new customers.

Consequently, overall segment sales revenue amounted to ¥75,744 million (down 9.0% year-on-year). Operating income was ¥11,471 million (down 28.3% year-on-year), due mainly to a decrease in sales volume of cellulose acetate.

[Organic Chemicals]

Acetic acid, our key product, and organic chemicals posted a decrease in sales revenue due to a downward trend in the market and a decline of domestic and overseas sales volume owing to impact of the slowdown in the Chinese economy.

Performance chemicals posted a decline in sales volume of some products due primarily to reduced demand for automotive, electronic, and cosmetic materials affected mainly by the decelerating Chinese economy, despite an increase in sales volume of alicyclic epoxy which continues to face tight supply and demand conditions.

The chiral separation business, such as optical resolution columns, posted flat sales revenue due to steady growth of the new business despite a decrease in chiral stationary phases (CSPs) sales.

Consequently, overall segment sales fell to ¥80,142 million (down 10.5 % year-on-year). Operating income also dropped to ¥10,100 million (down 29.8% year-on-year), due to the slowdown in the product market and other factors.

[Plastics]

The engineering plastics business, such as polyacetal (POM), polybutylene terephthalate (PBT) resin and liquid crystal polymers (LCP), registered a decline in sales revenue, adversely affected by sluggish demand for automobiles, smartphones, etc., due to the decelerating Chinese economy and the spread of COVID-19 in the fourth quarter.

Decline in sales revenue was also recorded by the plastic compound business, centering on ABS resin and engineering plastic alloy resin, due to a decrease in sales volume resulting from the slowdown in the Chinese market, the spread of COVID-19 in the fourth quarter and other factors.

As for the plastic processing business, including molded containers and films, sales revenue decreased due to a decrease of sheet sales despite an increase in high-performance film sales.

Consequently, overall segment sales amounted to ¥165,779 million (down 5.7% year-on-year). Operating income was ¥20,109 million (down 2.5% year-on-year) due mainly to a decrease of sales volume.

[Pyrotechnic Devices]

As for the automobile airbag inflator (gas-generating device) and other automobile safety parts business, sales volume of inflators for new vehicles was flat due to the spread of COVID-19 in the fourth quarter, despite an increase in sales volume in both the domestic and Chinese markets. As a whole, the sales revenue decreased due to a decrease in sales volume mainly in the supply of replacement products for recalls by other companies.

Aerospace & defense businesses, which cover defense-related products, posted a decrease in sales revenue due mainly to a decrease in sales volume.

Consequently, overall segment sales came to ¥81,276 million (down 24.7% year-on-year). Operating income plunged to ¥3,471 million (down 77.7% year-on-year) due primarily to a decrease in sales volume of inflators for automobile airbags.

[Other Businesses]

Sales revenue of other businesses increased due mainly to the acquisition of an overseas pharmaceutical manufacturing company.

Consequently, overall segment sales increased to ¥9,884 million (up 18.2% year-on-year). Operating income amounted to ¥370 million (down 37.2% year-on-year) due mainly to an increased expense of goodwill amortization.

(2) Overview of financial position for the fiscal year under review

Total assets as of March 31, 2020 were ¥597,992 million, a decrease of ¥56,799 million from March 31, 2019, due primarily to decreases in cash, deposits, and notes and accounts receivable despite an increase in property, plant and equipment.

Total liabilities were ¥205,408 million, a decrease of ¥26,139 million from March 31, 2019 due primarily to decreases in notes and accounts payable, bonds payable, and provision for environmental measures.

Total net assets were ¥ 392,583 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥362,545 million. Shareholders' equity ratio was 60.6%.

(3) Overview of cash flow for the fiscal year under review

Cash flow from operating activities

Cash flow from operating activities during the consolidated fiscal year under review was ¥57,193 million (vs. 58,523 million in the previous fiscal year). The increases in cash flow were mainly attributable to ¥16,656 million of net income before income taxes and ¥29,396 million of depreciation and amortization. Meanwhile, the main factor for the decreases in cash flow was a payment of ¥9,820 million for corporate income taxes.

Cash flow from investment activities

Cash flow from investment activities during the consolidated fiscal year under review was -45,864 million (vs. -¥41,095 million in the previous fiscal year). The main factors for the decrease in cash flow were expenditures of ¥44,127 million for the purchase of property, plant, and equipment.

Cash flow from financing activities

Cash flow from financing activities during the consolidated fiscal year under review was -¥47,883 million (vs. -¥25,636 million in the previous fiscal year). The increases in cash flow were mainly attributable to ¥7,231 million of long-term loans payable. Meanwhile, the main factors accounting for the decrease in cash flow were ¥10,000 million of repayment of bonds, an expenditure of ¥17,814 million for acquisition of treasury stock, ¥10,410 million in dividend payments and ¥4,878 million in dividends paid to non-controlling interests.

As a result of the above, cash and cash equivalents on March 31, 2020 totaled ¥80,674 million.

Reference: Trends in cash flow indicators

	March 2017	March 2018	March 2019	March 2020
Shareholders' equity per total assets (%)	61.6	60.1	60.1	60.6
Shareholders' equity per total assets on market value basis (%)	77.4	61.5	60.3	41.0
Ratio of interest-bearing liabilities to cash flow (year)	0.8	1.5	1.8	1.6
Interest coverage ratio (times)	88.7	56.2	48.9	45.4

Notes: Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on a market value basis: Market capitalization/Total assets

Ratio of interest-bearing debts to cash flow: Interest-bearing debts/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest expenses

1. Each indicator is calculated based on consolidated financial results.
2. Market capitalization is calculated by multiplying the closing price at year-end by the number of outstanding shares at year-end (excluding treasury stocks).
3. Cash flow from operating activities is the net cash reported on the consolidated statement of cash flow. Interest-bearing debts include all consolidated balance sheet-reported liabilities on which interest is paid. For interest expenses, the amount of interest payment reported on the consolidated statement of cash flow is used.

(4) Outlook

Regarding the outlook, the business environment of the Group is expected to be severe due to the spread of COVID-19 and the accompanying deterioration of economic trends. In response to this drastic change, the Group will work hard to improve profitability by reducing costs and inventories, etc.

In the fiscal year ending March 31, 2021, due to the spread of COVID-19, the world production volume of automobiles and smartphones will decrease, along with demand. Regarding the impact of the spread of the spread of COVID-19, we assume that domestic and overseas economic activities will be severely restricted in the first half, but will gradually return to normal in the second half.

Our anticipated earnings for the fiscal year ending March 31, 2021 are as follows.

Consolidated Earnings Estimates

Sales revenue	¥386.0 billion	(down 6.5% year-on-year)
Operating income	¥17.5 billion	(down 41.0% year-on-year)
Ordinary income	¥19.5 billion	(down 38.6% year-on-year)
Net income attributable to owners of the parent	¥10.0 billion	(up 100.9% year-on-year)

For these forecasts, we assume an exchange rate of ¥105/US dollar, (Asian spot) methanol price of US\$220/ton, Dubai crude oil price of US\$25/bbl and domestic naphtha price of ¥19,000/kl.

The forecasts above are based on currently available information. Actual results may differ from these forecasts due to a number of factors.

Outlook for the fiscal year ending March 31, 2021

(Unit: Million Yen)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of parent
Year ending March 31, 2021	386,000	17,500	19,500	10,000
Year ended March 31, 2020	412,826	29,644	31,781	4,978
Change from previous year	-26,826	-12,144	-12,281	5,022
% change	-6.5	-41.0	-38.6	100.9

Outlook for sales by segment

(Unit: Million Yen)

	Medical/ Healthcare	Smart	Safety	Materials	Engineering Plastics	Other Businesses
Year ending March 31, 2021	15,500	24,500	61,000	104,500	166,500	14,000
Year ended March 31, 2020	15,088	25,349	74,806	109,377	176,123	12,081
Change from previous year	412	-849	-13,806	-4,877	-9,623	1,919
% change	2.7	-3.3	-18.5	-4.5	-5.5	15.9

Outlook for operating income by segment

(Unit: Million Yen)

	Medical/ Healthcare	Smart	Safety	Materials	Engineering Plastics	Other Businesses	Corporate
Year ending March 31, 2021	500	2,500	0	13,000	16,000	1,500	-16,000
Year ended March 31, 2020	1,339	3,350	3,302	15,817	20,898	814	-15,878
Change from previous year	-839	-850	-3,302	-2,817	-4,898	686	-122
% change	-62.7	-25.4	-100.0	-17.8	-23.4	84.3	-0.8

Outlook for capital investment, etc.

(Unit: Million Yen)

	Capital investment			Depreciation and amortization			R&D	Foreign exchange
	Tangible	Intangible	Total	Tangible	Intangible	Total		(USD/JPY)
Year ending March 31, 2021	55,000	2,000	57,000	25,500	2,000	27,500	21,000	105
Year ended March 31, 2020	45,458	2,109	47,568	27,022	1,979	29,002	21,295	109
Change from previous year	9,542	-109	9,432	-1,522	21	-1,502	-295	-
% change	21.0	-5.2	19.8	-5.6	1.1	-5.2	-1.4	-

Note: Depreciation and amortization do not include amortization of goodwill.

(5) Basic concept regarding the selection of accounting standards

The Daicel Group will continue to prepare consolidated financial statements in accordance with Japanese standards, while taking into account the need to compare consolidated financial statements across different accounting periods and companies.

The Daicel Group will adopt International Accounting Standards, as appropriate, in consideration of circumstances in Japan and overseas.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020
Assets		
Current assets		
Cash and deposits	114,044	80,751
Notes and accounts receivable – trade	90,173	79,499
Securities	6,230	629
Inventories	126,153	117,414
Other	17,504	19,812
Allowance for doubtful accounts	(67)	(66)
Total current assets	354,038	298,040
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	60,387	61,064
Machinery, equipment and vehicles, net	72,920	65,559
Tools, furniture and fixtures, net	5,561	5,235
Land	26,931	30,132
Construction in progress	31,630	42,354
Total property, plant and equipment	197,432	204,346
Intangible assets		
Goodwill	3,832	5,194
Other	8,835	8,183
Total intangible assets	12,668	13,378
Investments and other assets		
Investment securities	68,018	61,813
Deferred tax assets	2,701	3,444
Retirement benefit asset	6,110	6,235
Other	13,990	10,788
Allowance for doubtful accounts	(167)	(54)
Total investments and other assets	90,652	82,227
Total non-current assets	300,753	299,952
Total assets	654,791	597,992

(Unit: Millions of Yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable – trade	53,933	45,007
Short-term borrowings	9,965	6,902
Current portion of bonds	10,000	–
Current portion of long-term borrowings	8,285	10,336
Income taxes payable	4,008	2,240
Provision for repairs	2,828	–
Provision for environmental measures	–	1,725
Other	36,487	40,014
Total current liabilities	125,509	106,226
Non-current liabilities		
Bonds payable	40,000	40,003
Long-term borrowings	36,043	32,197
Deferred tax liabilities	7,673	7,861
Provision for retirement benefits for directors	55	62
Provision for repairs	13	1,167
Provision for environmental measures	5,265	547
Net defined benefit liability	12,430	10,992
Asset retirement obligations	1,256	1,229
Other	3,298	5,119
Total non-current liabilities	106,038	99,182
Total liabilities	231,547	205,408
Net assets		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	31,692	31,692
Retained earnings	294,149	271,762
Treasury shares	(4,344)	(5,050)
Total shareholders' equity	357,772	334,679
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	29,024	26,582
Deferred gains or losses on hedges	13	(69)
Foreign currency translation adjustment	4,968	(656)
Remeasurements of defined benefit plans	1,817	2,009
Total accumulated other comprehensive income	35,825	27,865
Non-controlling interests	29,645	30,038
Total net assets	423,243	392,583
Total liabilities and net assets	654,791	597,992

(2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Net sales	464,859	412,826
Cost of sales	331,086	301,774
Gross profit	133,773	111,051
Selling, general and administrative expenses	82,602	81,406
Operating profit	51,171	29,644
Non-operating income		
Interest income	380	429
Dividend income	1,885	1,502
Share of profit of entities accounted for using equity method	1,762	1,772
Rental income from non-current assets	504	493
Subsidy income	296	459
Miscellaneous income	1,240	639
Total non-operating income	6,071	5,297
Non-operating expenses		
Interest expenses	1,185	1,173
Foreign exchange losses	73	802
Miscellaneous expenses	2,550	1,185
Total non-operating expenses	3,808	3,161
Ordinary profit	53,433	31,781
Extraordinary income		
Gain on disposal of non-current assets	12	115
Gain on sales of investment securities	5,767	2,616
Gain on sales of investments in capital of subsidiaries and associates	290	-
Insurance claim income	2,005	-
Total extraordinary income	8,076	2,731
Extraordinary losses		
Loss on retirement of non-current assets	1,715	3,098
Impairment loss	1,783	14,757
Loss on disaster	967	-
Loss on revision of retirement benefit plan	3,308	-
Total extraordinary losses	7,775	17,856
Profit before income taxes	53,734	16,656
Income taxes		
Income taxes – current	13,910	4,882
Income taxes – deferred	(2,106)	333
Total income taxes	11,804	5,215
Profit	41,930	11,440
Profit attributable to non-controlling interests	6,628	6,462
Profit attributable to owners of parent	35,301	4,978

(3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Profit	41,930	11,440
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,439)	(2,528)
Deferred gains or losses on hedges	(67)	(155)
Foreign currency translation adjustment	431	(6,089)
Remeasurements of defined benefit plans, net of tax	1,291	116
Share of other comprehensive income of entities accounted for using equity method	(178)	(484)
Total other comprehensive income	(2,961)	(9,141)
Comprehensive income	38,968	2,299
Comprehensive income attributable to		
owners of parent	32,267	(2,980)
non-controlling interests	6,700	5,280

(4) Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Cash flows from operating activities		
Profit before income taxes	53,734	16,656
Depreciation	30,442	29,396
Impairment loss	1,783	14,757
Amortization of goodwill	608	723
Increase (decrease) in provision for environmental measures	1,265	(2,992)
Interest and dividend income	(2,266)	(1,932)
Interest expenses	1,185	1,173
Share of loss (profit) of entities accounted for using equity method	(1,762)	(1,772)
Loss (gain) on disposal of non-current assets	(12)	(115)
Loss on retirement of non-current assets	1,715	3,098
Loss (gain) on sales of investment securities	(5,767)	(2,616)
Loss (gain) on sales of investments in capital of subsidiaries and associates	(290)	-
Decrease (increase) in trade receivables	4,140	8,699
Decrease (increase) in inventories	(16,149)	5,709
Increase (decrease) in trade payables	(3,049)	(7,885)
Other, net	5,012	1,752
Subtotal	70,590	64,653
Interest and dividends received	3,753	3,620
Interest paid	(1,196)	(1,259)
Income taxes paid	(14,623)	(9,820)
Net cash provided by (used in) operating activities	58,523	57,193
Cash flows from investing activities		
Net decrease (increase) in time deposits	(157)	139
Net decrease (increase) in short-term investment securities	900	-
Purchase of property, plant and equipment	(41,647)	(44,127)
Proceeds from sales of property, plant and equipment	22	148
Purchase of intangible assets	(1,932)	(2,186)
Purchase of investment securities	(167)	(266)
Proceeds from sales and redemption of investment securities	8,076	4,653
Purchase of shares of subsidiaries and associates	-	(1,760)
Purchase of investments in capital of subsidiaries and associates	(4,103)	-
Proceeds from sales of investments in capital of subsidiaries and associates	431	-
Loan advances	(56)	(234)
Collection of loans receivable	127	217
Other, net	(2,587)	(2,448)
Net cash provided by (used in) investing activities	(41,095)	(45,864)

(Unit: Millions of Yen)

	Year ended Mar. 31, 2019	Year ended Mar. 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(121)	(2,581)
Proceeds from long-term borrowings	17,755	7,231
Repayments of long-term borrowings	(3,809)	(8,537)
Redemption of bonds	(10,000)	(10,000)
Purchase of treasury shares	(12,998)	(17,814)
Proceeds from sales of treasury shares	0	0
Dividends paid	(10,783)	(10,410)
Dividends paid to non-controlling interests	(5,679)	(4,878)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	-
Repayments of lease liabilities	-	(892)
Net cash provided by (used in) financing activities	(25,636)	(47,883)
Effect of exchange rate change on cash and cash equivalents	(64)	(2,787)
Net increase (decrease) in cash and cash equivalents	(8,273)	(39,342)
Cash and cash equivalents at beginning of period	128,290	120,016
Cash and cash equivalents at the end of period	120,016	80,674

(5) Additional Information

(Changes in Presentation)

(Consolidated Statements of Income)

"Provision for environmental measures," which was separately presented under non-operating expenses in the year ended March 31, 2019, is included in "Other" under non-operating expenses in the year ended March 31, 2020 because its quantitative materiality diminished. To reflect this change in presentation, the financial statements for the year ended March 31, 2019 have been restated.

As a result, ¥1,298 million of the "Provision for environmental measures" has been reclassified as "Other" under non-operating expenses in the Consolidated Statements of Income for the year ended March 31, 2019.

(Consolidated Statements of Cash Flows)

"Insurance income" and "Proceeds from insurance income," which were separately presented under cash flows from operating activities in the year ended March 31, 2019, are included in "Other, net" under cash flows from operating activities in the year ended March 31, 2020 because its quantitative materiality diminished. To reflect this change in presentation, the financial statements for the year ended March 31, 2019 have been restated.

As a result, (¥2,005) million of the "Insurance income" and ¥1,938 million of the "Proceeds from insurance income" have been reclassified as "Other, net" under cash flows from operating activities in the Consolidated Statements of Cash Flows for the year ended March 31, 2019.

(6) Notes to Consolidated Statements of Income

Daicel group has recognized impairment loss on the following asset groups.

Year ended Mar. 31, 2020

(Unit: Millions of Yen)

Location	Use	Classification	Amount
Japan (Tatsuno-shi, Hyogo)	Manufacturing facilities for automobile airbag inflators and gas generants	Buildings and structures	1,451
		Machinery, equipment and vehicles	1,695
		Tools, furniture and fixtures	400
		Construction in progress	1,119
		Intangible assets and others	578
	Manufacturing facilities for defense-related products	Buildings and structures	307
		Machinery, equipment and vehicles	87
		Tools, furniture and fixtures	15
		Construction in progress	38
		Intangible assets and others	66
	Shared assets	Land	409
		Buildings and structures	437
		Machinery, equipment and vehicles	164
		Tools, furniture and fixtures	37
		Construction in progress	148
Japan (Himeji-shi, Hyogo)	Manufacturing facilities for defense-related products	Buildings and structures	58
		Machinery, equipment and vehicles	32
		Tools, furniture and fixtures	2
United States of America	Manufacturing facilities for automobile airbag inflators and gas generants	Buildings and structures	1,830
		Machinery, equipment and vehicles	2,557
		Tools, furniture and fixtures	178
		Construction in progress	3,118
Total			14,757

(Asset grouping method)

Assets are grouped by the in-house company or the division as a minimum unit.

(Circumstances causing impairment loss)

1. It was considered difficult to recover the investment amounts due to the decline in the profitability of the inflator business in Japan and the U.S.A. Accordingly, we have written down the book value of the assets stated above at Harima Plant or in the U.S.A. to their recoverable value, and recorded the decreased amounts as "Impairment loss" under extraordinary losses.
2. It was considered difficult to recover the investment amounts due to the decline in the profitability of the defense-related products business. Accordingly, we have written down the book value of the assets stated above at Harima Plant or Aboshi Plant to their recoverable value, and recorded the decreased amounts as "Impairment loss" under extraordinary losses.

(Calculation method of recoverable value)

The recoverable values were measured at the net selling price which was based on the appraisal value of real estate.

6. Segment Information

Year ended Mar. 31, 2019

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Total	Corporate and eliminations	Consolidated
Net sales								
Outside customers	83,241	89,515	175,855	107,882	8,364	464,859	-	464,859
Intersegment sales	2,726	19,873	15	-	11,031	33,647	(33,647)	-
Total	85,968	109,389	175,870	107,882	19,395	498,507	(33,647)	464,859
Operating profit	16,006	14,391	20,622	15,593	589	67,202	(16,031)	51,171
Assets	104,879	92,468	169,193	117,251	11,552	495,346	159,444	654,791
Other								
Depreciation	8,338	6,003	4,991	8,793	426	28,554	1,489	30,044
Amortization of goodwill	-	12	-	494	101	608	-	608
Investment in equity method investees	7,282	144	2,793	-	-	10,220	-	10,220
Capital expenditure	2,890	22,069	6,106	10,790	634	42,491	2,202	44,694

Year ended Mar. 31, 2020

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Total	Corporate and eliminations	Consolidated
Net sales								
Outside customers	75,744	80,142	165,779	81,276	9,884	412,826	-	412,826
Intersegment sales	2,582	15,019	5	-	10,874	28,482	(28,482)	-
Total	78,327	95,162	165,785	81,276	20,758	441,309	(28,482)	412,826
Operating profit	11,471	10,100	20,109	3,471	370	45,523	(15,878)	29,644
Assets	95,265	105,596	162,429	94,042	13,824	471,157	126,835	597,992
Other								
Depreciation	7,467	6,095	6,045	7,328	492	27,429	1,572	29,002
Amortization of goodwill	-	47	-	484	191	723	-	723
Investment in equity method investees	7,111	165	2,577	-	-	9,854	-	9,854
Capital expenditure	5,872	21,964	8,579	8,499	823	45,739	1,829	47,568

7. Related Information

(1) Product and Service Information

Year ended Mar. 31, 2020

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Total
Net sales to outside customers	75,744	80,142	165,779	81,276	9,884	412,826

(2) Geographic Information

(i) Net sales

Year ended Mar. 31, 2020

(Unit: Millions of Yen)

Japan	Asia		Other	Total
	China	Other		
190,041	67,360	83,292	72,132	412,826

(ii) Property, plant and equipment

Year ended Mar. 31, 2020

(Unit: Millions of Yen)

Japan	Asia			Other	Total
	China	Malaysia	Other		
140,074	21,755	16,788	12,968	12,759	204,346

8. Information on Impairment Loss of Non-Current Assets by Reportable Segment

Year ended Mar. 31, 2020

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Corporate and eliminations	Total
Impairment loss	-	-	-	14,757	-	-	14,757

9. Information on Amortization of Goodwill and Unamortized Balances by Reportable Segment

Year ended Mar. 31, 2020

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics	Pyrotechnic devices	Others	Corporate and eliminations	Total
Amortization	-	47	-	484	191	-	723
Ending balance	-	419	-	969	3,805	-	5,194

10. Significant Events After Reporting Period

In accordance with the shift to the organization based on "Strategic Business Units (SBUs)" as of April 1, 2020, we have changed the business segmentation from the previous reportable segments composed of "Cellulosic derivatives," "Organic chemicals," "Plastics," and "Pyrotechnic devices," to new reportable segments composed of "Medical / Healthcare," "Smart," "Safety," "Materials," and "Engineering Plastics." Main products and the net sales and operating profit for the year ended March 31, 2020 by new segment are as follows.

<Main Products>

	Main products
Medical / Healthcare	Cosmetic raw materials, Chiral columns, Nutritional supplements
Smart	TAC for optical films for LCD, Organic functional products for electronic materials, High-performance films
Safety	Automobile airbag inflators (gas generation devices)
Materials	Cigarette filter tow, Acetic acid and derivatives, Peracetic acid derivatives
Engineering Plastics	Polyacetal (POM), Polybutylene terephthalate (PBT), Liquid crystal polymer (LCP), AS resins, ABS resins
Others	Water treatment systems, Defense-related products

<Net Sales and Operating Profit>

Year ended Mar. 31, 2020

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate	Consolidated
Net sales	15,088	25,349	74,806	109,377	176,123	12,081	-	412,826
Operating profit	1,339	3,350	3,302	15,817	20,898	814	(15,878)	29,644